

White Paper

Category: General Eligibility

Issue: Funding List Cutoff

Background:

The current funding process does not have a funding cutoff threshold. Projects are selected for funding according to 1) statutory direction for hardship facilities, and 2) priority ranked order. When the funding for the particular fiscal year is exhausted the list ends. Thus, the amount of money available dictates the cutoff. Recently, the Joint Legislative Audit and Review Committee recommended that Ecology consider a point cutoff threshold.

- Statutory direction states that Ecology will give special consideration to financially distressed communities as defined by the cost of that facility to the residential ratepayers. **“RCW 70.146.070—Grants or loans for water pollution control facilities--Considerations.”**
- As a result of the above statutory direction, the rule states that a maximum of 2/3 of competitive Centennial grant (per fiscal year and not including provisos) will be made available to fund water pollution control facilities. **“WAC 173-95A-030 How and under what conditions can money from the centennial fund be used?”**
- Ecology’s adherence to the statute and rule results in the funding of hardship facilities projects that are occasionally ranked low on the funding priority list.
- Since the funding dictates the list cutoff, it is possible to fund lower-priority activities and facilities projects.
- Due to the integrated nature of the Water Quality funding programs, the priority funding given to hardship communities influences the State Revolving Fund, because hardship grants are given in conjunction with loans. **WAC 173-95-030 How and under what conditions can money from the centennial fund be used.**
- Ecology does have an eligibility screening process in place. Eligibility criteria are established so that projects should have a water quality benefit.
- Ecology is working to improve water quality outcomes of grant and loan funding, such as requiring post-project assessments.

Cons of implementing a cutoff:

- Implementing a cutoff at this time may be premature since rule amendments will not be implemented until State Fiscal Year 2009. It is not known how the amendments will change the landscape for the application process.
- Due to flexibility in application scores from year to year, there is no apparent trend in where the cutoff points should be set.

- All available funds would not be allocated.
- Facilities projects would be impacted more than activities projects (fewer hardship facilities may be funded)
- For various reasons, good projects could end up with a score below the cut-off line and may not be funded.

Pros of implementing a cutoff:

- A cutoff gives a minimum point level for a “good” water quality Project.
- Possible changes in the application and evaluation criteria may resolve the con issues
- JLARC’s recommendation would be enacted.

Recommendations:

No funding list cutoff. The Activities committee recommends that the types of projects chosen for funding for two funding cycles be tracked following the implementation of the rule (SFY 2009 and 2010). This would provide the basis for establishing a funding trend using any new evaluation criteria established in the new rule language. The information gathered from the 2009 & 2010 funding cycles can be used to recommend the usefulness of a funding cutoff at that time. This change could be effected through program policy.